



SAGICOR FINANCIAL CORPORATION – FINANCIAL REPORT FOR THE THREE MONTHS ENDED MARCH 31, 2006

CHAIRMAN'S REPORT

In the first three months of 2006, the Sagicor Group continued to build on its performance in 2005. Group Net Earnings of Bds \$26.3 million were recorded for the three months ended March 31, 2006, an increase of 14.3% over the corresponding period in 2005.

Net Income attributable to Shareholders was Bds \$18.9 million for the three month period, representing an earnings per share of Bds 7.1 cents. Comparable amounts for 2005 were Net Income attributable to Shareholders of Bds \$14.7 million and earnings per share of Bds 5.7 cents.

Total Revenue for the three months amounted to Bds \$302.1 million, compared to Bds \$253.5 million for the corresponding period. This growth is a result of additional revenue contributed from businesses acquired after March 31, 2005, and from growth achieved from business on our books in the first quarter of 2005.

Benefits and Expenses have experienced similar trends. Total Benefits and Expenses have increased 19.9% to Bds \$270.5 million.

Total Assets and Total Liabilities at March 31, 2006, were Bds \$6.4 billion and Bds \$5.5 billion respectively, both marginally higher than the amounts at the end of 2005. Financial Investments were affected by some declines in market values of available for sale instruments. As these adjustments to market value are recorded in equity, the reserves in equity also experienced a decline.

The Board is satisfied with the performance to date in 2006, and looks forward to the continued growth and development of the Sagicor Group.

Subsequent to the end of the first quarter, the Group successfully floated debt securities in the US market and raised US \$150 million. The debt securities were issued on May 12, 2006, at an initial offering price of 99.123%, with a fixed interest coupon rate of 7.500%, and for a term of ten years. The success of this debt issue is a consequence of the Group's recent performance, the prospects for its continued growth and development, and the recently assigned financial strength rating for Sagicor Life Inc of BBB+ by Standard and Poor's. The Board and Management remain committed to realising the Group's strategic goals, the achievement of which should redound to the benefit of all the Stakeholders of the Group.

J. Arthur Bethell
Chairman
May 24, 2006

CONSOLIDATED BALANCE SHEET

<i>Amounts expressed in thousands of Barbados dollars</i>	March 31	December 31
	2006 (unaudited)	2005 (audited)
ASSETS		
Financial investments	4,841,586	4,732,425
Other investments and assets	1,600,643	1,684,768
Total assets	6,442,229	6,417,193
LIABILITIES		
Policy liabilities	3,448,616	3,487,791
Other liabilities	2,010,498	1,935,795
Total liabilities	5,459,114	5,423,586
EQUITY		
Shareholders' equity	730,906	747,549
Participating accounts	34,784	34,647
Minority interest	217,425	211,411
Total equity	983,115	993,607
Total liabilities and equity	6,442,229	6,417,193

CONSOLIDATED INCOME STATEMENT

<i>Amounts expressed in thousands of Barbados dollars</i>	Three months ended	
	March 31 2006 (unaudited)	March 31 2005 (restated)
REVENUE		
Net premium revenue	179,318	140,664
Net investment and other income	122,802	112,800
Total revenue	302,120	253,464
BENEFITS AND EXPENSES		
Benefits	171,512	150,669
Expenses	98,971	75,004
Total benefits and expenses	270,483	225,673
INCOME FROM ORDINARY ACTIVITIES		
Income taxes	(5,332)	(4,783)
NET INCOME FOR THE PERIOD	26,305	23,008
Net income attributed to shareholders	18,867	14,711
Net income attributed to participating policyholders	515	1,403
Net income attributed to minority interest	6,923	6,894
	26,305	23,008
Basic and diluted earnings per share	7.1 cents	5.7 cents

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts expressed in thousands of Barbados dollars

	Three months ended March 31, 2006					Total
	Share Capital	Reserves	Retained Earnings	Participating Accounts	Minority Interest	
Balance at beginning of period	458,451	100,794	188,304	34,647	211,411	993,607
Net losses recognised directly in equity	-	(35,638)	-	(250)	1,790	(34,098)
Net income for the period	-	-	18,867	515	6,923	26,305
Total recognised gains / (losses)	-	(35,638)	18,867	265	8,713	(7,793)
Issue of shares	-	-	-	-	2,403	2,403
Dividends declared	-	-	-	-	(5,102)	(5,102)
Transfers	-	-	128	(128)	-	-
	-	(35,638)	18,995	137	6,014	(10,492)
Balance at end of period	458,451	65,156	207,299	34,784	217,425	983,115

	Three months ended March 31, 2005					Total
	Share Capital	Reserves	Retained Earnings	Participating Accounts	Minority Interest	
Balance at beginning of period	432,495	167,694	93,079	1,388	65,131	759,787
Net losses recognised directly in equity	-	(17,551)	-	-	(5,670)	(23,221)
Net income for the period	-	-	14,711	1,403	6,894	23,008
Total recognised gains / (losses)	-	(17,551)	14,711	1,403	1,224	(213)
Issue of shares	-	-	-	-	1,958	1,958
Dividends declared	-	-	-	-	(1,854)	(1,854)
Acquisition of a subsidiary	-	-	-	-	79,948	79,948
Transfers	-	328	(328)	-	-	-
	-	(17,223)	14,383	1,403	81,276	79,839
Balance at end of period	432,495	150,471	107,462	2,791	146,407	839,626

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts expressed in
thousands of Barbados dollars

	Three months ended	
	March 31 2006 (unaudited)	March 31 2005 (restated)
CASH FLOWS		
Cash flows from operating activities	8,523	81,717
Cash flows used in investing activities	(2,777)	(83,380)
Cash flows from financing activities	23,174	36,176
Effects of exchange rate changes	(527)	77
Net increase in cash and cash equivalents	28,393	34,590
Cash and cash equivalents at beginning of period	274,342	135,608
Cash and cash equivalents at end of period	302,735	170,198

NOTES TO THE FINANCIAL STATEMENTS

1. EXPLANATORY NOTE

These interim financial statements have been prepared in condensed form under the accounting policies adopted by the company at the close of its last financial year (December 31, 2005).

Comparative amounts for the three month period ended March 31, 2005 have been restated to include the amortisation of the cost of intangible assets arising from a business combination in that period. The effect of this restatement is to reduce Group net income by \$1,774,000 of which \$678,000 is borne by shareholders and \$1,096,000 is borne by the minority interest.